

STATE OF NEVADA
GAMING CONTROL BOARD
MINIMUM INTERNAL CONTROL STANDARDS

INTERNAL AUDIT

1. A separate internal audit department (whose primary function is performing internal audit work and who is independent with respect to the departments subject to audit) is maintained by licensees who meet either of the following criteria:
 - a. A single licensee having gross gaming revenue in excess of \$10 million for the 12 months ended June 30; or
 - b. Two or more licensees with essentially common ownership and/or management having combined gross gaming revenue in excess of \$10 million for the 12 months ended June 30. (In such cases a single internal audit department for the combined properties is adequate.)

Note: An independent accountant may be considered acceptable in lieu of a separate internal audit department provided all required standards are met.

2. For licensees who are not required to maintain a separate internal audit department, personnel who are independent with respect to the departments/procedures being examined perform internal audit work.
3. Using the criteria established in the Board's Internal Audit Compliance Checklists and Guidelines, perform observations and examinations of the operation's activities to determine regulatory and statutory compliance.
4. Documentation (e.g., checklists, audit programs, reports, etc.) is prepared to evidence all internal audit work performed as it relates to these requirements.
5. All exceptions noted during internal audit work are investigated and resolved, with the results of such being documented and retained for five years.
6. The results of internal audit work are reported to management or ownership personnel who are independent of the departments under audit.

Note: If the results are reported to management personnel, it must be to a level higher than controller.

7. In addition to the observations and examinations performed under MICS #3 above, follow-up observations and examinations are performed to verify that corrective action has been taken regarding instances of noncompliance cited by internal audit, the Board and/or the independent accountant. The verification is performed within six months following the date of notification.
8. Upon written request by a licensee, the Audit Division may provide written approval for internal audit personnel to waive the performance of one or more areas of review for a specific year due to the occurrence of unusual circumstances. Such approval is at the sole discretion of the division.